

Hobbies

FTC brochure, 'Consumer Alert,' targets coin sale fraud

By Roger Boye

Some Americans who buy old coins continue to lose most of their investment because of fraudulent sales practices, warns a Federal Trade Commission official.

"People still are spending \$1,000 for coins worth \$150," said Phoebe Morse, director of the FTC's Boston office. "Inves-

tors should be very careful."

Since 1988, the FTC and the American Numismatic Association have distributed nearly 100,000 copies of a "Consumer Alert" brochure they jointly published on rare-coin investing. Among other things, the brochure suggests that consumers comparison shop and be cautious about grading certificates, especially those furnished by coin

dealers.

Also, the FTC has prosecuted several companies it believes have been dishonest in selling coins, with eight such cases initiated in 1989. Nonetheless, many people continue to be swindled by rare-coin scams, Morse said.

In fairness, the "Consumer Alert" brochure points out that "buying rare coins can be a good investment and satisfying hobby."

Numismatic keepsakes outperformed most other types of investments—including stocks and Treasury bills—in the 12 months ending last June 1, according to a widely quoted survey by Salomon Brothers, Inc.

Morse said that "money can be made in rare-coin investing," but she added that normally only the experts make a profit.

The FTC and ANA are working on a revised "Consumer Alert" brochure that also will discuss the pitfalls of buying rarities encased in hard plastic holders dubbed "slabs." Such coins—currently the rage of the marketplace—often are traded on a sight-unseen basis because collectors sometimes assume the holder guarantees the coin's authenticity and grade.